

Message Text

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ACTION EB-06

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E.O. 11652: N/A

TAGS: ETRD, SW

SUBJECT: SWEDISH FERROUS SCRAP REQUIREMENTS FOR FIRST HALF 1975

REF: (A) STATE 241649; (B) STOCKHOLM A-331

1. FOLLOWING INFORMATION ANSWERS QUESTIONS POSED IN PARA 2 REF A:

A. SWEDISH STEEL PRODUCTION FORECAST, FIRST QUARTER 1975: 1.75

MILLION METRIC TONS; SECOND QUARTER 1975: 1.52-1.53 MILLION

METRIC TONS. SOURCE: STATISTICAL DIVISION, SWEDISH

IRONMASTERS' ASSOCIATION.

B. ESTIMATED SWEDISH FERROUS SCRAP IMPORT REQUIREMENTS, FIRST

QUARTER 1975: 100,000 METRIC TONS FROM ALL SOURCES, OF WHICH

15,000-20,00 TONS FROM US. (SEE EXPLANATION BELOW OF

QUARTERLY REQUIREMENTS FROM US.)

C. ESTIMATED SWEDISH SCRAP INVENTORY: NOT EXACTLY KNOWN, BUT

STOCKS ARE ONLY LARGE ENOUGH TO BUFFER NORMAL SEASONAL

FLUCTUATIONS IN DELIVERY AND CONSUMPTION.

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2. EMBASSY CONSIDERS ALL INFORMATION ABOVE TO BE RELIABLE. INFORMATION IN 1B AND 1C WAS OBTAINED FROM SVEN VERNER-CARLSSON, PRESIDENT OF AB JARNBRUKSFORNODENHETER, CENTRAL RAW MATERIALS PURCHASING COMPANY OF SWEDISH STEEL MILLS.

3. PARA 4, REF A: SWEDISH ORDER FOR SHIPMENT OF 4TH QUARTER SCRAP QUOTA HASULJADY BEEN ACCEPTED.

4. COMMENT. AT MEETING NOVEMBER 14 REQUESTED WITH EMBOFF, VERNER-CARLSSON PRESSED ONCE AGAIN FOR USG RECOGNITION OF PROBLEM SWEDEN HAS WITH US SCRAP-IRON QUOTA. SMALL SIZE OF SWEDISH QUOTA (7,000 TONS/QUARTER) MAKES IT DIFFICULT FOR AB JARNBRUKSFORNODENHETER TO ARRANGE SHIPPING. IT HAS BEEN FORCED TO COMBINE ALLOTMENTS FOR TWO QUARTERS IN ORDER TO MAKE UP LOAD SUFFICIENTLY LARGE FOR ECONOMIC SHIPMENT. VERNER-CARLSSON SAID JARNBRUKSFORNODENHETER HAS BEEN SERIOUSLY TROUBLED BY FACT THAT HISTORICAL PERIOD ON WHICH QUOTAS ARE BASED WAS NOT REPRESENTATIVE OF USUAL SWEDISH NEEDS. BASE PERIOD HAPPENED TO COINCIDE WITH ECONOMIC RECESSION IN SWEDEN WHEN SCRAP IMPORTS WERE SHARPLY DOWN. IN THAT WHOLE THREE-YEAR PERIOD, SWEDEN IMPORTED ONLY 28,000 TONS, ALTHOUGH THROUGHOUT 1960'S SWEDISH SCRAP IMPORTS FROM US HAD BEEN FAR GREATER: E.G. 1969: 125,000 TONS; 1970: 116,000 TONS.

5. VERNER-CARLSSON ASKED EMBASSY TO CONVEY FOLLOWING SUGGESTIONS TO WASHINGTON:

- A. THAT SWEDISH QUOTA BE RAISED TO 15-20,000 TONS/QUARTER, NOT ONLY BECAUSE SWEDEN CAN USE AT LEAST THAT MUCH SCRAP FROM US, BUT BECAUSE LARGER AMNT WILL FACILITATE SHIPPING ARRANGEMENTS.
- B. THAT SWEDEN WOULD BE WILLING TO EXCLUDE PRIME QUALITY SCRAP FROM ITS ALLOCATION IF FRAGMENTIZED SCRAP CONTINUES TO BE CONSIDERED SECOND QUALITY AND NOT PRIME QUALITY.
- C. THAT USG DECISIONS REGARDING QUARTERLY SCRAP QUOTAS BE ANNOUNCED EARLIER THAN THEY USUALLY HAVE BEEN. LONGER NOTICE WOULD REDUCE PRESSURE ON SHIPPING AND GIVE NEEDED TIME TO ARRANGE CHARTERS.
- D. THAT HE WOULD BE WILLING TO GO TO WASHINGTON TO TALK TO APPROPRIATE OFFICIALS ABOUT SWEDISH CASE IF VISIT WOULD BE USEFUL.

6. JARNBRUKSFORNODENHETER HAS REPEATEDLY EXPRESSED DISMAY AT LIMITED OFFICIAL USE

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UNREPRESENTATIVE CHARACTER OF BASE PERIOD WITH RESPECT TO SWEDEN. IN VIEW OF THIS FACT AND OF POSSIBILITY WHICH SEEMS SUGGESTED IN REF A

THAT SOME COUNTRIES MAY NOT BE USING FULL FOURTH-QUARTER ALLOTMENT, EMBASSY REQUESTS RECONSIDERATION OF SWEDISH QUOTA. EMBASSY WOULD ALSO APPRECIATE DEPARTMENT'S REACTIONS TO OTHER SUGGESTIONS IN PARA 5 ABOVE, IN ORDER THAT WE MAY RESPOND TO VERNER-CARLSSON. JOHNSON

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